

UNITED STATES SENATOR • IOWA

# CHUCK GRASSLEY

RANKING MEMBER • SENATE COMMITTEE ON FINANCE

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Grassley: Enron News Underscores Need for Tax Shelter Legislation

\_\_\_\_ WASHINGTON – Sen. Chuck Grassley, ranking member of the Committee on Finance, today said revelations that Enron might have used tax-haven subsidiaries to avoid taxes and hide its financial debts underscore the need for tax shelter legislation.

For several months, Grassley has been the lead Republican in a bipartisan effort to draft legislation that would help the Internal Revenue Service identify tax shelters and police the illegal use of these vehicles. He and his colleagues have not yet introduced their bill.

Grassley said he is part of a Finance Committee effort to review whether Enron used certain tax vehicles that might have masked the company's financial condition.

"It was a shock to read that Enron may have used nearly 900 tax-haven subsidiaries to avoid taxes and hide its financial debts," Grassley said. "We need to know more about Enron's activities in these haven countries, but even with what we know right now, this is one more example of why Congress should act on tax shelter legislation. This legislation would force disclosure of tax shelters so that the IRS can better police them. We also need to fully assess the role that offshore tax havens may play in facilitating tax shelters. I'm a tax cutter, but if there's one thing I can't stand, it's a tax cheat. When one person or company fails to pay their share of taxes, it falls on everybody else to pick up the slack. So you can be sure that I'll pursue this issue when Congress comes back in session."

Grassley also is preparing legislation that would tighten up protections for retirement plan participants in light of Enron's collapse. He hopes to introduce a bill in the next few weeks.